

Urges GOP to not Delay and Defund Reform Legislation Passed Last Congress

HARTFORD – Congressman John Larson (CT-01) urged Republicans in Congress today to stop delaying and attempting to defund consumer protections enacted by Wall Street Reform that are intended to prevent excessive speculation of gasoline. Joined by Executive Director of Independent Connecticut Petroleum Association (ICPA) Gene Guilford and former Republican Mayor of South Windsor John Mitchell, Larson stressed that in light of recent federal charges against five oil speculators for market manipulation, it is critical for Congress to enforce the safeguards passed by last year's Wall Street reform legislation.

Last week Republicans on the House Financial Services Committee, in a partisan vote, moved to delay implementation of a provision from last year's Wall Street reform legislation that would crack down on abusive oil speculation and Republicans on the House Appropriations Committee unveiled a plan to gut funding for the Commodity Futures Trading Commission, cutting \$30 million out of their budget for next year.

"Connecticut currently has the third highest gas prices in the nation and with the summer months approaching we are in desperate need of relief," Congressman Larson said. "Last Congress we passed significant Wall Street reforms that, including ending many of the practices that led to the 2008 financial collapse, take meaningful steps to rein in excessive and abusive oil and gas speculation. The recent votes by House Republicans to delay these important consumer protections are not only irresponsible, but extremely harmful to American families who are struggling to pay bills because of the high cost of gasoline. Republicans won't end taxpayer funded subsidies for big oil and won't enforce safeguards against abusive and excessive oil and gas speculation. The question is whose side are they on – consumers or big oil?"

According to an April 2011 analysis by Goldman Sachs, unregulated speculation adds over \$20 per barrel to the price of oil. Additionally, since 1990 the number of oil speculators has more than doubled with their percentage of the market growing from 30 percent then to nearly 70 percent today.

Recently during a Senate hearing on oil tax subsidies, Exxon CEO Rex Tillerson admitted that a barrel of oil should cost \$60-\$70 based solely on supply and demand.

"As the CFTC is trying to stop market manipulation that is costing the American economy billions every day, House Republicans are trying to not only slow down the CFTC by delaying its rules, but are also proposing to cut the budget of the CFTC and gut its ability to do its job on behalf of the American people," Guilford said. "In the last decade we have had the Enron scandal, at once the largest corporate bankruptcy in American history and perpetrator of manipulating the California electricity market costing California consumers over \$20 billion in higher electricity costs. We have seen the Amaranth scandal, involving excessive speculation in the natural gas markets. British Petroleum paid the largest civil penalty ever assessed by the CFTC in 2004, \$303 million, when it was found to have manipulated the prices of propane, gasoline and crude oil. No delays. No cuts in funding. Protect this economy and the American people from food and energy market manipulation. Now."

"The time of inaction has long passed to rein in a speculative fever that exists in the energy markets," former Mayor Mitchell said. "It has devastated many families as well as slowed down our economic recovery."

Recently Congressman Larson has advocated for additional steps to offer consumer relief at the pump, including:

- Adopting a "use it or lose it" policy for oil companies sitting on untapped oil fields.
- Creating an independent inspector general to oversee the oil industry.
- Fully fund the CFTC so it can monitor for excessive and abusive oil speculation.
- Urging President Barack Obama to tap the Strategic Petroleum Reserve.
- Ending taxpayer funded subsidies for Big Oil.

In addition to being a leading advocate for the Wall Street Reform and Consumer Protection Act last year, Larson introduced the Taxpayer and Gas Price Relief Act to stop price gouging on gasoline, and co-sponsored the PUMP Act, which included strong provisions to increase the transparency of energy derivatives trades that were eventually rolled into Wall Street reform. Since the Wall Street Reform and Consumer Protection Act was enacted, Larson has pushed the Commodity Futures Trading Board to move quickly to implement the law, including personally pressing Chairman Gary Gensler to enforce the provisions related to energy trades.

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